

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1263-1266 of the Senate Journal and pages 1407-1411 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 2, after the third semicolon insert "to provide for a report;"

Page 1, replace lines 12 through 22 with:

| | | | |
|----------------------------------------------|-------------------|-------------------|-------------------|
| "Salaries and wages | \$13,015,999 | (\$20,211) | \$12,995,788 |
| Operating expenses | 16,384,623 | (907,001) | 15,477,622 |
| Grants | 48,134,795 | 6,375,621 | 54,510,416 |
| Discretionary funds | 784,152 | 1,415,848 | 2,200,000 |
| Flood impact grants/loans | 0 | 5,201,752 | 5,201,752 |
| Agricultural products utilization commission | 3,118,611 | 34,304 | 3,152,915 |
| North Dakota trade office | 2,556,694 | (556,694) | 2,000,000 |
| Partner programs | 2,173,829 | (233,984) | 1,939,845 |
| Entrepreneurship grants and vouchers | <u>1,500,000</u> | <u>750,000</u> | <u>2,250,000</u> |
| Total all funds | \$87,668,703 | \$12,059,635 | \$99,728,338 |
| Less estimated income | <u>53,809,604</u> | <u>14,576,054</u> | <u>68,385,658</u> |
| Total general fund | \$33,859,099 | (\$2,516,419) | \$31,342,680" |

Page 1, after line 23, insert:

"SECTION 2. HEALTH INSURANCE INCREASE. The salaries line item in section 1 of this Act includes the sum of \$172,554, of which \$135,102 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 2, replace line 6 with:

| | | |
|----------------------------|------------|------------|
| "Flood impact grants/loans | 12,859,869 | 5,201,752" |
|----------------------------|------------|------------|

Page 2, replace line 9 with:

| | | |
|------------------------|-----------|----------|
| "Base retention grants | 1,500,000 | 600,000" |
|------------------------|-----------|----------|

Page 2, replace lines 20 through 22 with:

| | | |
|-----------------------|-------------------|------------------|
| "Total all funds | \$40,023,129 | \$10,801,752 |
| Less estimated income | <u>21,359,869</u> | <u>9,801,752</u> |
| Total general fund | \$18,663,260 | \$1,000,000" |

Page 3, line 5, replace "The" with "Of the"

Page 3, line 6, after "Laws" insert "up to \$1,000,000"

Page 3, line 7, remove "any"

Page 3, line 7, replace "program" with "amount"

Page 3, line 7, after "available" insert "and may be spent"

Page 3, remove lines 9 through 12

Page 3, line 14, replace "\$1,275,000" with "\$950,000"

Page 3, line 19, replace "\$1,000,000" with "\$600,000"

Page 3, line 22, after the period insert "The department may award grants of \$200,000 to each community with an air force base or air national guard facilities."

Page 3, line 27, after the period insert "The department of commerce shall consult with the aeronautics commission regarding test site operational costs and support services and best practices related to the unmanned aircraft systems test site."

Page 3, line 30, after "\$3,000,000" insert ", of which \$1,000,000 is from the general fund and \$2,000,000 is"

Page 3, line 31, remove "for the operations of the"

Page 4, line 1, remove "unmanned aircraft systems test site"

Page 4, line 8, remove "total"

Page 4, line 10, replace "\$2,281,498" with "\$2,000,000"

Page 4, line 11, replace "seventy" with "sixty"

Page 4, line 18, after "**PROGRAM**" insert "- **EXEMPTION**"

Page 4, line 19, replace "\$1,500,000" with "\$2,250,000"

Page 4, line 19, replace "\$1,350,000" with "\$600,000"

Page 4, line 20, replace "\$150,000" with "\$1,650,000 is"

Page 4, line 22, after the period insert "Of the amount appropriated, \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks, \$300,000 to an organization that provides workplace safety, and \$300,000 for biotechnology grants."

Page 4, after line 28, insert:

"SECTION 13. ENERGY AND ENVIRONMENTAL RESEARCH CENTER GRANT - MATCHING REQUIREMENT. The grants line item in section 1 of this Act includes \$500,000 from the research North Dakota fund which the department of commerce shall provide as a grant to the energy and environmental research center at the university of North Dakota. The grant must be utilized for economic development and diversification of the North Dakota economy and may be provided only to the extent the energy and environmental research center provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 14. ESTIMATED INCOME - RESEARCH NORTH DAKOTA FUND. Notwithstanding section 54-65-08, the estimated income line item in section 1 of this Act includes \$3,500,000 from the research North Dakota fund to the department of commerce for department programs. Of this amount, \$500,000 is for the North Dakota tourism program, \$1,000,000 is for discretionary funds, \$1,500,000 is for entrepreneurship grants and vouchers, and \$500,000 is for providing a grant to the energy and environmental research center at the university of North Dakota.

SECTION 15. TRANSFER - RESEARCH NORTH DAKOTA FUND TO THE GENERAL FUND. Notwithstanding section 54-65-08, the office of management and budget shall transfer \$4,000,000 from the research North Dakota fund to the general fund, during the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 4, line 29, replace "\$1,275,000" with "\$950,000"

Page 4, line 30, replace "section" with "sections"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

| | Base Budget | Senate Version | Conference Committee Changes | Conference Committee Version | House Version | Comparison to House |
|--------------------------------------|---------------------|-----------------------|-------------------------------------|-------------------------------------|----------------------|----------------------------|
| Salaries and wages | \$13,015,999 | \$13,008,851 | (\$13,063) | \$12,995,788 | \$12,995,788 | |
| Operating expenses | 16,384,623 | 14,987,622 | 490,000 | 15,477,622 | 15,277,622 | 200,000 |
| Grants | 48,134,795 | 60,427,212 | (5,916,796) | 54,510,416 | 52,310,416 | 2,200,000 |
| Discretionary funds | 784,152 | 814,840 | 1,385,160 | 2,200,000 | 1,500,000 | 700,000 |
| Ag. Products Utilization Commission | 3,118,611 | 3,153,330 | (415) | 3,152,915 | 3,152,915 | |
| North Dakota Trade Office | 2,556,694 | 2,281,498 | (281,498) | 2,000,000 | 1,781,498 | 218,502 |
| Entrepreneurship grants and vouchers | 1,500,000 | 1,500,000 | 750,000 | 2,250,000 | 750,000 | 1,500,000 |
| Partner programs | 2,173,829 | 1,939,845 | | 1,939,845 | 1,939,845 | |
| Flood impact grants/loans | | | 5,201,752 | 5,201,752 | 5,201,752 | |
| Total all funds | \$87,668,703 | \$98,113,198 | \$1,615,140 | \$99,728,338 | \$94,909,836 | \$4,818,502 |
| Less estimated income | 53,809,604 | 66,288,583 | 2,097,075 | 68,385,658 | 64,985,658 | 3,400,000 |
| General fund | \$33,859,099 | \$31,824,615 | (\$481,935) | \$31,342,680 | \$29,924,178 | \$1,418,502 |
| FTE | 69.40 | 66.40 | 0.00 | 66.40 | 66.40 | 0.00 |

Department No. 601 - Department of Commerce - Detail of Conference Committee Changes

| | Adjusts Funding for Health Insurance Increases¹ | Adjusts Funding for Grants² | Adds Funding for North Dakota Tourism³ | Reduces Funding for Operation Intern⁴ | Reduces Funding for Prekindergarten Community Grants⁵ | Reduces Funding for the North Dakota Trade Office⁶ |
|--------------------------------------|-------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------|
| Salaries and wages | (\$13,063) | | | | | |
| Operating expenses | | | 815,000 | (325,000) | | |
| Grants | | (129,970) | | | (185,074) | |
| Discretionary funds | | 1,385,160 | | | | |
| Ag. Products Utilization Commission | (415) | | | | | |
| North Dakota Trade Office | | | | | | (281,498) |
| Entrepreneurship grants and vouchers | | | | | | |
| Partner programs | | | | | | |
| Flood impact grants/loans | | | | | | |
| Total all funds | (\$13,478) | \$1,255,190 | \$815,000 | (\$325,000) | (\$185,074) | (\$281,498) |
| Less estimated income | (2,925) | 1,500,000 | 500,000 | 0 | 0 | 0 |
| General fund | (\$10,553) | (\$244,810) | \$315,000 | (\$325,000) | (\$185,074) | (\$281,498) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| Adjusts Funding for Entrepreneurship Grants⁷ | Transfers One-Time Funding for Flood Impact Grants⁸ | Reduces One-Time Funding for Base Retention | Adjusts One-Time Funding for Enhanced Use Lease | Total Conference Committee Changes |
|----------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------|-------------------------------------------|
| | | | | |

| | | | Grants ⁹ | Grants ¹⁰ | |
|-----------------------------------------|-------------|-----------|---------------------|----------------------|-------------|
| Salaries and wages | | | | | (\$13,063) |
| Operating expenses | | | | | 490,000 |
| Grants | (5,201,752) | | (400,000) | | (5,916,796) |
| Discretionary funds | | | | | 1,385,160 |
| Ag. Products Utilization Commission | | | | | (415) |
| North Dakota Trade Office | | | | | (281,498) |
| Entrepreneurship grants and vouchers | 750,000 | | | | 750,000 |
| Partner programs | | | | | |
| Flood impact grants/loans | | 5,201,752 | | | 5,201,752 |
| Total all funds | \$750,000 | \$0 | (\$400,000) | \$0 | \$1,615,140 |
| Less estimated income | 1,500,000 | 0 | (400,000) | (1,000,000) | 2,097,075 |
| General fund | (\$750,000) | \$0 | \$0 | \$1,000,000 | (\$481,935) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 of the bill is added to reflect the revised premium rate, the same as the House.

² Funding of \$629,970 from the general fund is removed for the grant programs listed below and \$385,160 from the general fund is added to the discretionary funds line item.

- Area health education centers grants - (\$200,000)
- Continuum of care grants - (\$75,301)
- Emergency solutions grants - (\$244,669)
- Self sufficiency grants - (\$110,000)

The House approved a reduction of \$929,970 from the general fund for the grant programs above, including a reduction of \$300,000 for homeless shelter grants, and an increase of \$685,160 from the general fund to the discretionary funds line item. The conference committee approved \$300,000 for homeless shelter grants in the grants line item, the same as the Senate version.

In addition, the conference committee approved a \$1,500,000 appropriation from the Research North Dakota fund to the Department of Commerce, of which \$1,000,000 is added to the discretionary funds line item and \$500,000 is for providing a grant to the Energy and Environmental Research Center at the University of North Dakota. The grant must be utilized for economic development and diversification of the North Dakota economy and may be spent only to the extent the Energy and Environmental Research Center provides \$1 of matching funds from other sources for each \$1 provided by the department. These items are also reflected in Sections 13 and 14 of the bill.

The conference committee actions result in a net decrease of \$129,970 in the grants line item, of which \$629,970 is removed from the general fund and \$500,000 is added from the Research North Dakota fund. The result in the discretionary funds line item is an increase of \$1,385,160, of which \$385,160 is from the general fund and \$1,000,000 is from the Research North Dakota fund.

³ Funding of \$815,000 is added for North Dakota tourism, of which \$315,000 is from the general fund and \$500,000 is from the Research North Dakota fund, the same as the House version. Section 14 of the bill also identifies the \$500,000 appropriation from the Research North Dakota fund.

⁴ Funding for the Operation Intern program is reduced by \$325,000 to provide a total appropriation of \$950,000, an increase of \$200,000 compared to the House version. The Senate approved an appropriation of \$1,275,000. Sections 7 and 16 of the bill are also adjusted to reflect the revised appropriation.

⁵ Funding for prekindergarten community grants is reduced by \$185,074 to provide \$1,500,000 from the general fund, the same as the House. The Senate approved an appropriation of \$1,685,074.

⁶ Funding for the North Dakota Trade Office is reduced by \$281,498 from the general fund, to provide a

total of \$2,000,000 from the general fund. The House provided a total of \$1,781,498 and the Senate provided \$2,281,498. The Conference Committee also reduced the amount of funding that can be spent without requiring a match to 60 percent, compared to the Senate version of 70 percent and the House version of 50 percent. This is also reflected in Section 11 of the bill.

⁷ Funding for entrepreneurship grants and vouchers, also known as Innovate North Dakota, is reduced by \$750,000 from the general fund and increased by \$1.5 million from the Research North Dakota fund to provide a total appropriation of \$2.25 million, of which \$600,000 is from the general fund. The Senate approved an appropriation of \$1.5 million, of which \$1.35 million is from the general fund. The House approved an appropriation of \$750,000, of which \$600,000 is from the general fund. Sections 12 and 14 of the bill are also adjusted to reflect the revised appropriation.

⁸ Federal funds of \$5,201,752 is transferred from the grants line item to a flood impact grants/loans line item, the same as the House version. This funding is considered one-time funding.

⁹ One-time funding from the strategic investment and improvements fund for base retention grants is reduced from \$1,000,000 to \$600,000, a \$400,000 decrease from the Senate version and a \$400,000 increase from the House version of \$200,000. Section 8 of the bill is also adjusted to reflect the revised appropriation.

¹⁰ Funding for enhanced use lease grants is reduced by \$1 million from the strategic investment and improvements fund and increased by \$1 million from the general fund to provide a total one-time appropriation of \$3 million for the 2017-19 biennium, compared to \$2 million of one-time funding from the strategic investment and improvements fund approved by the House. The Senate approved a one-time appropriation of \$3 million from the strategic investment and improvements fund. Section 10 of the bill is also adjusted to reflect the revised appropriation.

This amendment also:

- Removes a section approved by the Senate allowing the Department of Commerce to continue unexpended 2015-17 funding for prekindergarten community grants into the 2017-19 biennium, the same as the House. This change will result in an estimated \$315,000 of general fund appropriation authority being canceled at the end of the 2015-17 biennium and being added to the estimated 2017-19 beginning general fund balance. This funding is appropriated from the general fund to the Department of Commerce for North Dakota tourism in the 2017-19 biennium.
- Amends Section 6 to allow the Department of Commerce to continue only \$1 million of unexpended 2015-17 biennium funds for the unmanned aircraft systems (UAS) program, resulting in a total of approximately \$1 million of 2015-17 biennium funds available for UAS. This change will result in an estimated \$1 million of general fund appropriation authority being canceled at the end of the 2015-17 biennium and being added to the estimated 2015-17 beginning general fund balance. This funding is appropriated to the Department of Commerce for enhanced use lease grants in the 2017-19 biennium.
- Requires the Department of Commerce to consult with the Aeronautics Commission regarding the unmanned aircraft systems test site.
- Adds Section 15, which directs the Office of Management and Budget to transfer \$4 million from the Research North Dakota fund to the general fund during the 2017-19 biennium. The House also included this transfer.